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GREATER HARTFORD'S BUSINESS NEWS www.HartfordBusiness.com

Downtown New Britain's transit-oriented makeover takes off

By Gregory Seay
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Establishing Connecticut's transportation infrastructure hasn't always worked out well for the city of New Britain.

Opening of highways Route 9/Route 72 in the late 70s, early 80s obliterated many older buildings and homes and bifurcated New Britain in a way that "blew the heart out of downtown," its sitting mayor says.

But decades later, the opening of the 9.5-mile CTfastrak busway corridor, that makes it about a 15-minute bus ride from its central hub into downtown Hartford, has created an expressway for millions of dollars in public and private investment to flow into redeveloping the Hardware City's downtown.

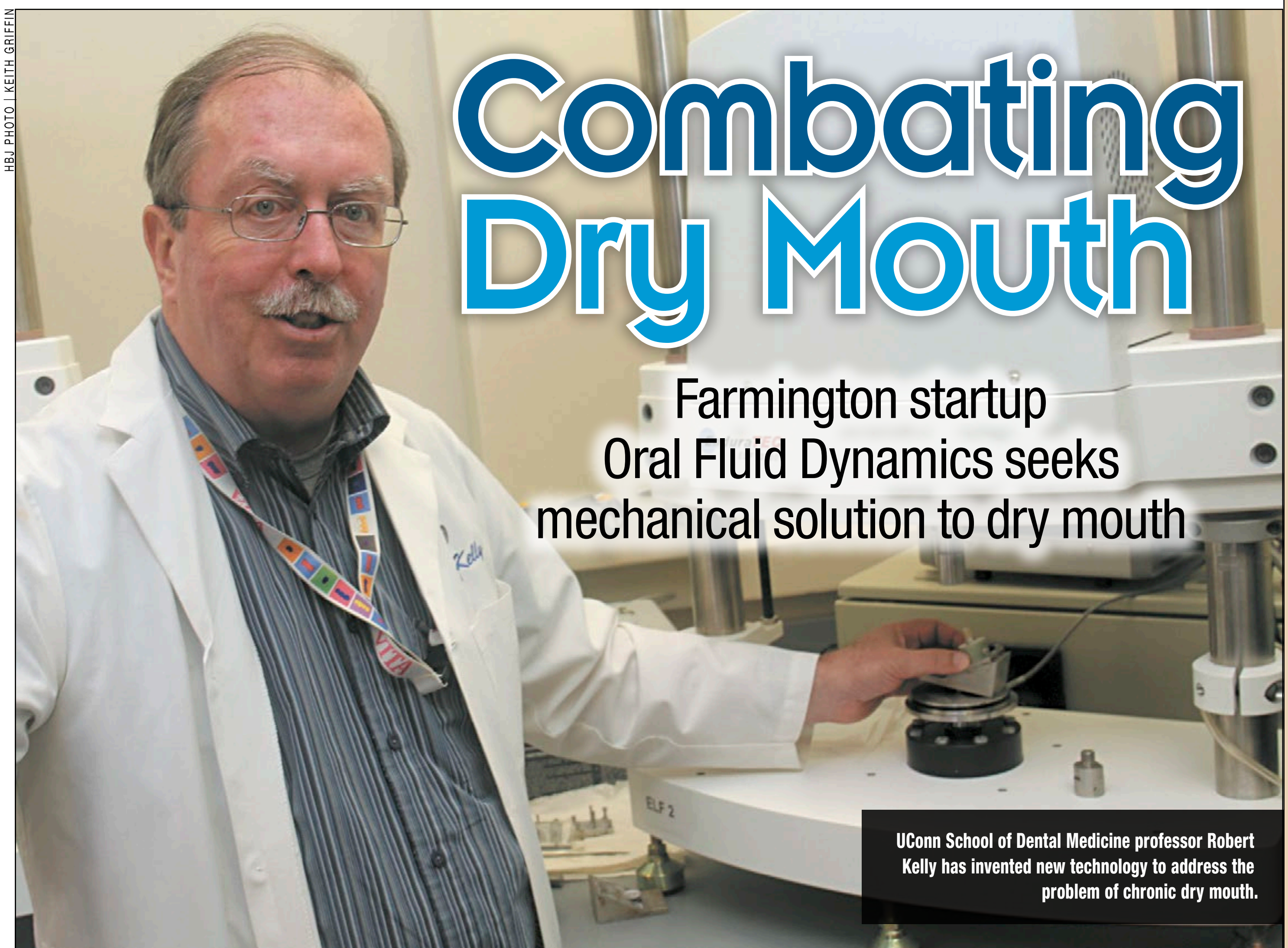
Continued on page 14

HBJ PHOTO | GREGORY SEAY

New Britain Herald's former home is among several downtown redevelopments.

Combating Dry Mouth

Farmington startup Oral Fluid Dynamics seeks mechanical solution to dry mouth



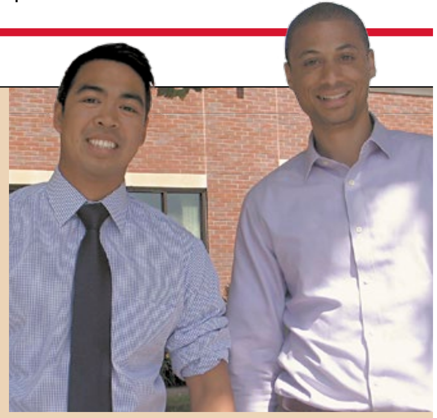
HBJ PHOTO | KEITH GRIFFIN

UConn School of Dental Medicine professor Robert Kelly has invented new technology to address the problem of chronic dry mouth.

Building Bioscience
AN HBJ SERIES ON CT'S BIOSCIENCE SECTOR

Hartford Business Journal's series on Connecticut's bioscience industry continues this week with a look at Farmington startup Oral Fluid Dynamics, which is developing a dental implant to help people suffering from chronic dry mouth.

Oral Fluid is still a very early stage company, but it has had some success raising funds to support its research efforts. The company is currently testing its technology on rabbits, with hopes of launching clinical trials in the next few years. Find out more on **PG. 12**



Transitional Living

For Millennials Andy Tran and Jeff Farmer, a chance encounter at Farmington's Westfarms Mall led to a multi-state business that helps people with mental illness and acquired brain injuries who are on Medicaid, live independently, while saving the state money and creating jobs for caretakers. **PG. 3**

Insurance Ecosystem

Lisa Doherty's approach to her insurance business: Work hard, do things a little differently and have fun doing it. Find out how that philosophy has helped her double Windsor-based Business Risk Partners' book of business over the last five years. **PG. 5**

Fall Green Guide

The 2016 GreenCircle Sustainability Awards winners are profiled. **See Special Insert**

Index

Who are the best business-to-business companies in Greater Hartford?

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CTL taps growing community-care demand

By John Stearns
jstearns@HartfordBusiness.com

HBJ PHOTO | JOHN STEARNS

Andy Tran and Jeff Farmer started Center for Transitional Living in 2013 and have grown it to a projected $1.8 million in gross revenue this year. They're seen here at their Farmington headquarters.

For Andy Tran and Jeff Farmer, a chance encounter at Farmington's Westfarms Mall led to a multi-state business that helps people with mental illness and acquired brain injuries who are on Medicaid, live independently, while saving the state money and creating jobs for caretakers.

The Millennial co-founders of Farmington-based Center for Transitional Living LLC (CTL), both 30, see it as an across-the-board benefit.

"The most cost-effective, I would even say human-rights thing … is programs like we have right now," Farmer said of businesses like CTL that offer an alternative to institutionalization. "It's just getting a lot easier to access agencies like ours and obviously, from our perspective, that's a good thing."

CTL serves clients on what's called Medicaid waivers and who opt to receive care and services in a community setting, with assistance from home caregivers, rather than in a state hospital or institution. The services must be cheaper than in an institution.

About 75 percent of CTL's clients have a mental illness or acquired brain injury, or ABI, and more than half of its ABI patients require 24-hour care, Farmer said. Others need less help, such as assistance with daily chores, errands or medication reminders.

CTL also cares for the elderly on Medicaid who don't have a mental illness or ABI, but have physical limitations requiring assistance and want to live independent of a nursing facility.

Tran and Farmer say the cause drives them more than the money — seizing on a Medicaid waiver program designed to help people live in the community and to assist a population other businesses may shun for the low margins. Using cloud-based software and technology, Tran and Farmer say they've adopted efficiencies to profit under strict cost caps required by the state.

"I feel like it gives us an advantage to the old-fashioned style … of social work," Tran said of dealing with everything from case notes to billing.

"A lot of the billing is now cloud-based and it's getting more efficient," which saves the state money, too, he said.

High demand

Farmer and Tran serve a growing need.

Demand for institutional care is decreasing, while demand for community care is increasing statewide and nationally, said Dawn Lambert, who co-leads the community options unit and manages the strategy group within the Division of Health Services at Connecticut's Department of Social Services.

Just last week, for example, the state Department of Developmental Services announced plans to privatize dozens of group homes and other services for the intellectually disabled.

The state could use more businesses in the community sector, Lambert said, citing the state's growing aging population and more citizens choosing community-care options.

The percentage of Medicaid long-term care recipients receiving services and support in the home has risen from 52 percent in 2007 to 60 percent last year, according to state statistics.

That trend is expected to continue, Lambert said, adding that it's not just elderly fueling the rise.

"I think the state is looking to build the comprehensive package of services, like the mental health waiver services, and really looking to attract qualified providers and honor the preferences of people," she said.

She cited a U.S. Supreme Court decision in 1999, Olmstead v. L.C., that required states to give people with disabilities a choice of where to receive long-term care services, not only in institutions.

"We're doing it because it costs a little bit less, we're doing it because it does improve quality of life, but at the end of the day, we're also doing it because it's the law," Lambert said.

Early beginnings

Growing up with mothers who were social workers, Tran and Farmer were introduced early to helping people and, as Farmer said, "we kind of share the passion for doing something more."

So when the former college buddies at Eastern Connecticut State University bumped into each other at the mall about mid-2012, both working in jobs they felt ready to change, they got to talking about the waiver program, with which Farmer was familiar, did research and decided to launch a business in that niche.

"We were just like, 'Let's just try it and see what happens,' " said Tran, who majored in biology at ECSU and Farmer in business.

They incorporated CTL in early 2013 and each continued to work their day jobs while building CTL on personal time. They rented an office in downtown Hartford and got their first client there six months later. Their next client was in Greenwich.

"We're like, 'We better get in our car and make this happen,' " said Farmer, who was living in Newington at the time, but now lives in

Continued

Transitional Living

Stamford, near Norwalk, where CTL also has an office. Tran lives in East Windsor.

Farmer kept his full-time job at DSS until CTL grew to about 50 clients and 50 employees.

"That was a really long, difficult journey," Farmer said of balancing full-time jobs while starting a new company.

Tran found a new job after re-uniting with Farmer in 2012, working as a neurophysiologist for Safe Passage Neuromonitoring, a position he loves and continues to maintain as he works with Farmer to build CTL. His job is to monitor brain and spine surgeries and help doctors avoid nerves.

"It's like another set of eyes" for the doctor, Tran said.

CTL has grown to about 150 clients and has 118 employees, roughly split between full and part time. Clients are spread throughout the state, with the exception of the northwest corner.

The company has also begun serving clients in Colorado and Massachusetts and has visions of continued expansion, said Neil Connors, CTL's business manager and lawyer, also 30.

The company's on track for about $1.8 million in gross revenue this year, up from $1.2 million last year, $500,000 in 2014 and $50,000 in 2013, Farmer said.

About 99 percent of CTL's patients are on Medicaid. A few are on private insurance, a segment the company seeks to grow.

Aside from care assistance, CTL also is certified for prevocational services, such as resume preparation for waiver clients, that are Medicaid reimbursable, and for vocational services for on-site job training of people with disabilities. CTL would welcome an employer partner for the latter.

"That's one of the more progressive policies here in Connecticut," Connors said.

"Rather than just pay for folks to get care, they'll also pay to have us train them to make a resume, train them to use Microsoft Office Suite," Connors said. "That can be done anywhere, at their homes or in the library."

CTL, as its name, Center for Transitional Living, suggests, also hopes to add physical centers to its business — places where clients can learn, socialize and connect to their communities, Tran said.

"Eventually, we want to start doing day programs so our individuals that we do take care of, they actually can go to a place … where they can either do some activities, prevocational work, or we can teach them how to do things, or apply for services, or even have a recreational area for them," Tran said.

CTL would like to bring those services into centers across Connecticut and other states in which it operates, Connors said. ■

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EXECUTIVE PROFILE

HBJ PHOTO | JOHN STEARNS

Lisa Doherty's Business Risk Partners has doubled its gross written premiums since 2010 to $40 million.

Lisa Doherty

President and CEO, Business Risk Partners, Windsor.

Highest education: Bachelor's degree in international relations and economics, Brown University, 1987.

Executive insights:

"I just think fundamentally integrity is everything … you deliver on your word and you do what you say you're going to do and you be upfront about it. We try to be really transparent with our partners."

Doherty finds growing niche in Hartford's insurance ecosystem

By John Stearns
jstearns@HartfordBusiness.com

Lisa Doherty's approach to her insurance business: Work hard, do things a little differently and have fun doing it.

"I love insurance," said the president and CEO of Windsor-based Business Risk Partners (BRP). "I just think insurance is interesting. It's legal. It's financial. It's risk. It's deal making. I love it."

She's in her element at Business Risk Partners and helping 30 employees grow with BRP, which more than doubled its gross written premiums from 2010 to 2015, hitting $40 million last year. Doubling again to $80 million in five years is possible, but $60 million in three to five years is very achievable, she said. BRP's headed toward $45 million this year.

BRP underwrites and administers professional liability insurance, also known as E&O (errors and omissions); management liability insurance for directors and officers, employment practices, fiduciary liability, crime and excess; cyber liability insurance; and similar products for banks and broker/dealers.

Check out a video clip of Lisa Doherty's interview at **hartfordbusiness.com.**

"The easiest way to describe it is we're an insurance company that has outsourced the risk-taking," said Doherty, 51.

The risk-takers are Lloyd's of London, Liberty Mutual and Great American Insurance Group, for which BRP does underwriting, tapping a network of about 600 U.S. insurance agencies. BRP's discussing a new product line with a fourth carrier Doherty said she can't yet identify.

She co-founded BRP in 2000 with her oldest of three sisters, Linda Boborodea, chief operating officer, to quench their entrepreneurial thirst. They considered everything from buying a gun distributorship to a gravel business, which required significant capital. Instead, they tapped Doherty's years of insurance experience at AIG, Executive Risk and Marsh, and Boborodea's experience at major financial institutions to launch BRP.

They targeted small to midsized businesses in the E&O space with average premiums of about $6,000, thinking that market was underserved.

"It was less underserved than we thought, but we were the beneficiaries of, 'If you do things well, you're always going to get traction,' " Doherty said.

Its typical insured company for E&O has revenues between $10 million and $75 million.

The sisters knew they were making it when about three years after starting, their father, well-known Springfield lawyer Paul Doherty, started charging them for legal advice, Doherty said. He was their lawyer for about 15 years before dying in January.

The sailing wasn't always smooth, though. BRP underwrote policies for title agents before the real estate crash in 2008. It had one carrier at the time, Lloyd's, and title agents were about 20 percent of BRP's business. As the real estate crisis unfolded, Lloyd's paid about $2 to $2.50 for every $1 of premium BRP wrote for that business, Doherty said.

BRP feared losing Lloyd's backing. It mostly exited that book of business, diversified its products and expanded carriers.

"We knew we could be profitable again in terms of our underwriting and we wanted to show that to Lloyd's," Doherty said. "That is one thing that I am hugely proud of, that we were able to turn it around and do right by them and strengthen the partnership."

Boborodea says Doherty is a natural leader, back to her days as senior class president at Longmeadow (Mass.) High School. She's also an innate teacher, Boborodea said.

"We compete for [underwriting] employees with the big Hartford insurance companies … so I think that's one of the things that we've been able to do is take people that are new or early in the industry and really expose them to a lot of different lines of business and types of insurers … so they're able to develop professionally in a small-company environment," Boborodea said.

The sisters' skills are complementary, Doherty's in selling and deals, Boborodea in operations and details.

Doherty — who has 6- and 9-year-old boys with her wife, Jean, a financial planner — loves sports. She was a walk-on squash player in college and today enjoys playing paddle tennis, mostly, and tennis. She also appreciates good wine.

Fighting back tears, Doherty shared a message she delivered at her father's service to his grandchildren: "If you can … live the way he did, which would be to always be generous and always take the high road, you'll go far in life." ■

BY THE NUMBERS

$430M

The total pre-tax losses Hartford-based Aetna said it has absordebd since Jan. 2014 selling products on state-based insurance exchanges.

1,230

The number of Hartford area single-family homes sold during the month of July, down 5.1 percent from a year earlier, according to the Greater Hartford Association of Realtors.

5.7%

Connecticut's unemployment rate at the end of July, which was down slightly from June's 5.8 percent jobless rate, according to the state Department of Labor.

605

The number of jobs the state Department of Developmental Services is proposing to cut as it seeks to save money by privatizing more of its services.

TOP 5 MOST READ

on HartfordBusiness.com

- Centerplan lawsuit against city in mediation
- Hebrew HealthCare files Chapter 11
- CT Southern Rail parent to acquire P&W Railroad
- DDS proposes 605 job cuts as it seeks to privatize services for disabled
- Hartford's Hog River tap room on tap with Saturday opening

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TOP STORY

Aetna told DOJ it would drop Obamacare if Humana merger is blocked

PHOTO | HBJ FILE

Aetna's Farmington Avenue headquarters in Hartford.

Aetna said last week that it was curtailing its presence on the Obamacare exchanges to stem mounting financial losses.

Last month, the company told the Department of Justice that it would probably be forced to withdraw from Obamacare altogether if the agency blocks its pending merger with Humana over anti-trust concerns.

"[W]e believe it is very likely that we would need to leave the public exchange business entirely and plan for additional business efficiencies should our deal ultimately be blocked," Aetna CEO Mark Bertolini wrote in a July 5 letter.

The letter was obtained by the Huffington Post following a Freedom of Information Act request.

Aetna's announcement that it would withdraw from 11 of 15 states next year amid $430 million in losses heightened concerns about Obamacare's financial viability. UnitedHealthcare and Humana are also minimizing their presence on the exchanges after recording big losses.

But the pullbacks also come as two pairs of major insurers are planning to merge. Anthem has offered $54 billion to acquire Cigna, while Aetna would pay $37 billion to take over Humana.

— CNNMoney

LEGAL & COURTS

Centerplan lawsuit against city in mediation

Centerplan Construction Co. and the city of Hartford are engaged in mediation in New Britain Superior Court over the lawsuit filed by the developer of the Yard Goats minor-league ballpark against the city.

Judge George Levine referred the case to mediation in recent weeks and is overseeing that process, Court Officer Stephen Goldschmidt confirmed to HBJ. The lawsuit was originally filed in Hartford Superior Court. Mediation is a process that could lead to a settlement of the case.

Both parties met in court Aug. 12, and the next meeting before Judge Levine is scheduled for Aug. 25.

In mid-July, Centerplan and its subsidiary DoNo Hartford LLC, sued the city in an attempt to get back to work on Dunkin' Donuts Park, the home to the Double-A Yard Goats baseball team.

The Middletown developer said in its complaint that the city had failed to take contract disputes to mediation and/or arbitration as outlined in the initial contract when it fired the developer in mid-June.

GOVERNMENT & POLITICS

DDS proposes 605 job cuts as it seeks to privatize services for disabled

Connecticut's Department of Developmental Services is seeking to cut 605 positions from its budget as it privatizes services, according to a letter from the commissioner to the state Office of Policy & Management.

In the memorandum dated Aug. 16, DDS Commissioner Morna A. Murray outlines a transition in the workforce aimed at total savings for the department of $48.6 million in fiscal 2017 and $69.3 million in fiscal 2018. The total 605 positions include 113 cuts that have already been made, according to a chart accompanying the memorandum.

The restructuring includes privatization of dozens of state-run group homes and other services for the intellectually disabled.

TECHNOLOGY

Uber launches new food-delivery app in CT

UberEATS, the division of the online transportation service Uber that allows food delivery requests via an app and website, debuted in New Haven last week.

More than 40 of the city's restaurants are participating, the company said.

It's unclear when or if the delivery service will be extended into Hartford, but the service will be expanding in coming months throughout Connecticut, said Casey Verkamp, general manager for UberEATS Connecticut.

When Uber launched its regular car service in Connecticut, it started in Fairfield County and slowly moved into the Greater Hartford market.

HEALTH CARE

Hebrew HealthCare files Chapter 11

Hebrew HealthCare has filed for bankruptcy reorganization and assigned operation of its 257-bed West Hartford nursing home to a third party.

National Health Care Associates (NHCA), the New Jersey parent of Hebrew Home for Health and Rehabilitation LLC, will operate the home at 1 Abrahms Blvd., under a 30-year lease, West Hartford-based Hebrew HealthCare said last week.

The Chapter 11 filing widens Hebrew HealthCare's options in dealing with creditors. Hebrew HealthCare officials said both steps were necessary to preserve its operations and customer service while working out a plan to repay its debts as part of a long-term restructuring.

CEO Bonnie Gauthier indicated that reduction in state and federal care reimbursements and other regulatory issues and competitive pressures contributed to Hebrew Healthcare's financial dilemma.

Mold, fungus forced cancer center shutdowns in Enfield

Persistent mold and fungus in a Johnson Memorial Hospital cancer infusion center in Enfield led state authorities to close the facility to patients for months as well as its onsite pharmacy compounding area for more than a year.

Chemotherapy infusion treatments have since resumed at the 142 Hazard Ave. building that is now owned by St. Francis Hospital and Medical Center's parent company, Trinity Health.

But mixing the toxic drug cocktails that are administered to cancer patients intravenously continues to be done off-site at Johnson Memorial Hospital's compounding pharmacy in Stafford, officials say.

The complete facility closure was done "out of an abundance of caution," and infusion services for cancer patients were temporarily provided at Johnson Memorial Hospital after the contaminants were found in the Enfield center's compounding room, St. Francis spokeswoman Fiona Phelan said.

— Kym Soper | Journal Inquirer

BANKING & FINANCE

UConn, CI, Webster Bank create early-stage UConn startup fund

UConn, Connecticut Innovations (CI) and Webster Bank are setting up a $1.5-million UConn Innovation Fund to support early-stage startups affiliated with UConn.

Investments of up to $100,000 are available to any student, faculty member or alumnus of the university with an in-state business startup tied to research, advanced technologies or innovations developed at UConn.

Companies participating in UConn's Technology Incubation Program are eligible.

ECONOMIC DEVELOPMENT & CONSTRUCTION

Hartford's Hog River tap room readies

Hog River Brewing Co. will publicly debut its Hartford tap room in the city's Parkville neighborhood Aug. 20, its founder-owner says.

Benjamin Braddock, who shed his corporate-insurance career and spent the past 13 years toiling as a hobbyist brewer and later as a brewmaster, says his approximately 4,000-square-foot brewery-tap room at 1429 Park St., in the former Barridon Building, will serve a variety of inhouse-brewed beers and ales.

The establishment seats 75, but with standing room, has capacity for up 200 patrons, Braddock said.

Hog River won't serve food, but guests are invited to purchase food from neighboring restaurants and/or food trucks to dine on in the tap room, he said. Including Braddock and wife Joy, Hog River Brewing employs five.

REAL ESTATE

PHOTO | CNN

Area's July house, condo sales down

Sales of Hartford area houses and condos fell in July, yet median house prices rose, Realtors say.

Closings on single-family dwellings were down last month to 1,230 units vs. 1,296 closings the same month in 2015, the Greater Hartford Association of Realtors said last week. It was the first year-over-year slide in house sales since Jan. 2015, the group's chief said.

The median sale price for July sales was $220,000 vs. $212,700 a year ago.

In the region's condominium market, sales skidded 27.7 percent to 237 units sold vs. 328 in July 2015, Realtors said.

Median condo sale prices were flat at $149,000 last month vs. $150,000 a year earlier.

Windsor Marketing Group completes third expansion

Windsor Marketing Group (WMG), a producer of in-store marketing for retailers, has completed a 120,000-square-foot expansion of its headquarters in Suffield.

The third such expansion is designed to help the company meet last-minute client demands on a tight schedule, said WMG founder Kevin Armata.

The company headquarters, which opened in 2005, will consolidate its entire 185-person workforce into the single 250,000-square-foot campus, Armata said.

The firm did not disclose the full cost of its "multi-million-dollar" project.

ECONOMY & LABOR

CT Southern Rail parent to acquire P&W Railroad

Genesee & Wyoming Inc. (G&W), parent of Hartford-based Connecticut Southern Railroad, said it has agreed to acquire Providence and Worcester Railroad Co. (P&W) for approximately $126 million, or $25 a share.

The transaction, which still needs P&W shareholder approval, could close in the fourth quarter.

Headquartered in Worcester, Mass., P&W operates in Connecticut, Rhode Island, Massachusetts and New York. The publicly traded company has 140 employees, 32 locomotives and 163 miles of track, plus an additional 350 miles of track it uses under agreements with other rail providers.

WHAT'S AHEAD:

- 8/29 Focus: **Meetings and Conventions**
- The List: **Largest Hotels/Meetings and Banquet Facilities**
- Nonprofit Profile: **Wadsworth Atheneum Museum of Art**

CALENDAR

WEDNESDAY, SEPT. 14

Cybersecurity Seminar Series: Cyber Liability & Cyber Insurance

Matthew Prevost

The Connecticut Technology Council is hosting a cybersecurity seminar on cyber liability and insurance on Sept. 14.

The seminar, which runs from 9 a.m. to 11:30 a.m. at the Hartford Club, 46 Prospect St., will discuss cybersecurity risks and what it means to have adequate coverage, and how to avoid costly, unnecessary, insufficient or redundant policies.

Featured speakers include: Laurance A. Selnick, Senior Vice President, Director, Treasury & Payment Solutions Sales, Webster Bank; Larry Racioppo, Senior Vice President, Management and Professional Services, USI Insurance Services LLC; and Matthew Prevost Underwriter Vice President, North American Financial Lines, CHUBB.

Cost to attend is between $24 and $40. For more information contact: Cindy Lang, 860.289.0878, ext. 344, clang@ct.org.

Small business lending on the rise in CT

By Matthew Broderick
Special to the Hartford Business Journal

During her 35 years with the Small Business Administration (SBA), Anne Hunt has seen some major companies grow from struggling startups to household names. "Nike, Apple, Ben & Jerry's and Columbia have all relied on SBA assistance at one time," she said. Today, as the director of the Connecticut District Office, one of Hunt's top priorities is addressing what has long been the biggest challenge faced by small and microbusinesses: access to capital.

As the criteria for small business loans from commercial banks have become more restrictive, the SBA is leaning on a different type of lending institution — Certified Development Corporations (CDCs) — to make loans available to small and microbusinesses with an emphasis on spurring growth in an underserved area. "One of the requirements [of CDC lending] is that 60 percent of the loans need to go to support low-income areas, minority-owned or women-owned businesses," Hunt said. The trends are positive.

Among the $287 million in loans that the SBA district office supported in fiscal year 2015-2016, Connecticut ranked No. 1 across all of New England in the percentage increase in lending to underserved markets, up 36 percent for the fiscal year, with loans to African Americans up 42 percent and Hispanics up 61 percent.

Anne Hunt, director, Connecticut District Office, Small Business Administration

Community Investment Corp. (CIC), a Hamden-based SBA-supported CDC, led the state in 2015 with nearly $19 million in 504 loans, a type of long-term, fixed-rate loan that can be used by small businesses for acquisition and/or renovation of capital assets including land, building and equipment. The real benefit of 504 loans, says Mark Cousineau, CIC's president, is it allows small business owners to get up to 90 percent financing. "That's not something a small business owner could do through a commercial bank," Cousineau said.

And SBA's Hunt notes that the 504 loan program actually gets commercial banks and CDCs partnering together. "A commercial bank might loan 50 percent of the amount [for a minimum of 10 years, per SBA regulations], a CDC will cover 40 percent — fixed for 20 years — and the business owner owes 10 percent," Hunt explained. "It's a win for the bank, which takes on less [loan] risk, a win for the business owner who needs less upfront capital and a win for the SBA because these businesses create jobs."

Business and job creation have been CIC hallmarks, said Cousineau. He points to his development corporation's early adoption, in 1993, of microlending designed to provide early capital to startup companies. "In its early days, the loan cap was $25,000," Cousineau said. "Today, it's $50,000." Over the near quarter century, Cousineau estimates CIC has helped more than 400 businesses launch with microloans.

Last year alone, CIC processed a total of $235,500 in microloans to 13 startups and is on pace to surpass those figures this year, with $189,000 in startup loans through June.

That upward trend reflects the overall lending trajectory of lending from certified development corporations. In fact, according to the SBA Connecticut's 2016 Small Business Guide, between 2009 and 2015, the total number of loans are up nearly 21 percent and the average loan size is up 24.4 percent to $287,475.

But launching a startup or expanding a small business takes more than just a cash infusion, says Hunt. "Consultative service is a big part of what we do — whether it's helping with creating a business plan or one-on-one mentoring," Hunt said.

She points to the state's 35 Small Business Development Centers and active SCORE program, part of national network of more than 11,000 entrepreneurs, business leaders and executives who volunteer to mentor America's small business. In total, the Connecticut SBA office counseled and trained more than 6,000 clients in 2015.

PHOTO | CONTRIBUTED

Mark Cousineau, president of the Community Investment Corp.

U.S. Small Business Administration Loans in CT

Year	No. of loans
2009	576
2010	673
2011	695
2012	576
2013	572
2014	587
2015	695

SOURCE: U.S. SMALL BUSINESS ADMINISTRATION

And both the SBA and CDCs continue to innovate. Hunt points to the development of SBA One, an online tool — similar to TurboTax — that allows SBA-affiliated lending institutions to process loan requests faster through a series of preset questions. "It's a game changer," Hunt said.

Cousineau sees both both technology and specialization as drivers of future growth in the small business lending industry. "Since I first started, our business has become more sophisticated," he explained. "Today our staff of 15 is comprised of teams for lending, processing and closing, underwriting and loan services."

The organization — which has offered loan programs in Rhode Island since 2004 — opened a new office in Providence this July and is bullish about its future growth. Currently, CIC has nearly $146 million in loans on its books, with nearly 95 percent in 504 loans. Cousineau said he expects steady growth across all loan programs. ■

Q&A

New investment adviser rules stir industry shake up

Q&A talks with Gerald Goldberg, CEO and co-founder of West Hartford's GYL Financial Synergies, which recently renamed itself and split away from the independent arm of Wells Fargo Advisors.

Q: Your firm Goldberg, Yolles & Lepore Consulting Group recently decided to split with the independent brokerage arm of Wells Fargo Advisors and rename your firm GYL Financial Synergies. Why make this move?

GERALD GOLDBERG

CEO and co-founder, GYL Financial Synergies

A: More and more of our clients, as well as others giving consideration to engaging GYL Financial Synergies, indicated they would prefer to do business with us as an independent Registered Investment Adviser (RIA). Responding to this preference along with wanting to have access to an expanded platform of investment strategies and technology were some of the reasons for our decision.

Our partnership with value-added investor, Focus Financial Partners, also gives us access to thought leadership as well as capital to execute our growth plan.

Q: You recently told the Wall Street Journal that this move was partly a reaction to a new federal rule set to take effect in 2018 that will place stricter standards on the advice financial advisers provide to clients. Why is this new rule change so significant?

A: When the new regulations are fully implemented the fiduciary standard of care that is applicable to qualified retirement plans and to RIA firms will be applicable to advice provided by advisers affiliated with broker-dealers to clients relating to their Individual Retirement Accounts.

Distilled down to its essence, the fiduciary standard requires that an adviser put a client's best interests first. While the fiduciary standard is already applicable to RIA firms, it would replace the "suitability" standard of care that is currently applicable to advice provided by advisers affiliated with broker-dealers. Suitability merely requires that the investment recommendation is suitable for the client but it does not have the same limits in place that the fiduciary standard has, such as the requirement to avoid conflicts of interest with the client.

Industry experts have suggested that this will result in a significant curtailment in commission-based business in favor of more transparent fee-based advisory relationships. Since many broker-dealer firms still derive a substantial amount of revenue from commissions, when fully implemented this could have major implications for broker-dealer firms and the advisers who affiliate with them.

The business practices of all involved will have to comport to the new standard of care applicable. This will result in both clients and advisers looking for independent fiduciary firms that have a clearly articulated value-added proposition.

Q: Your announcement says you're looking to grow through mergers and acquisitions. What types of firms are you looking to acquire? Is there a particular geographic region you'd like to expand in?

A: Our acquisitions will be governed by not only wanting to do transactions that are accretive to earnings but more importantly as part of our broader talent-acquisition strategy. We want to attract advisers and investment professionals that are not only capable but also subscribe to the same ethos and client-centric philosophy that is our guiding light at GYL.

Although we are not geographically constrained and have clientele as far west as Hawaii, it is likely that we will first focus on acquisition activity within our existing footprint where we have a high concentration of clientele. This translates to us being particularly interested in firms from Connecticut to Maryland. Of course if an extremely attractive opportunity presents itself outside of that area, we are open to giving it consideration.

Another important component of our growth relates to our ability to provide and facilitate succession planning for advisers who currently do not have a plan for their clients when they retire or if something happens to them. With the average age of advisers in the industry being above 50 years, this is a critical issue

Continued ▶

THE LIST

Largest in-state banks

(Ranked by deposits as of June 30, 2015)

Rank	Company	Total deposits in market (000)	Market share	Assets Q1 2016 (000)	Net loans and leases 3/31/2016 (000)	Net Income 3/31/2016 (000)	Conn. offices	Head of bank/ title	Date established
1	**People's United Bank** 850 Main St. Bridgeport, CT 06604 203-338-7001; www.peoples.com	$15,545,570	12.91%	$38,888,591	$28,352,701	$65,297	150	John P. Barnes, President & CEO	1988
2	**Webster Bank NA** 137 Bank St. Waterbury, CT 06702 203-578-2230; public.websteronline.com	$15,437,939	12.82%	$24,916,201	$15,714,586	$57,526	117	James C. Smith, Chairman & CEO	1870
3	**Liberty Bank** (1) 315 Main St. Middletown, CT 06457 888-570-0773; www.liberty-bank.com	$2,946,121	2.45%	$4,390,715 (2)	$3,266,455	$11,834	55	Chandler J. Howard, President & CEO	1825
4	**United Bank** 25 Park St. Vernon/Rockville, CT 06066 866-959-2265; www.bankatunited.com	$2,898,049 (3)	2.41% (3)	$6,304,808	$4,630,965	$13,452	33	William H.W. Crawford, President & CEO	1858
5	**Farmington Bank** 1 Farm Glen Blvd. Farmington, CT 06032 877-376-2265; www.farmingtonbankct.com	$1,908,957	1.59%	$2,701,067	$2,356,661	$3,944	26	John J. Patrick Jr., Chairman, president & CEO	1851
6	**Union Savings Bank** 226 Main St. Danbury, CT 06810 203-830-4200; www.unionsavings.com	$1,641,938	1.36%	$2,197,984	$1,658,731	$3,173	27	Cynthia C. Merkle, President & CEO	1866
7	**Fairfield County Bank** 150 Danbury Road Ridgefield, CT 06877 203-438-6518; www.fairfieldcountybank.com	$1,266,608	1.05%	$1,550,869	$1,235,943	$2,498	17	David A. Schneider, CEO	1871
8	**First County Bank** 160 Atlantic St. Stamford, CT 06901 203-462-4400; www.firstcountybank.com	$1,019,552	0.85%	$1,478,139	$1,048,786	$485	17	Reyno A. Giallongo Jr., Chairman & CEO	1851
9	**Bankwell Bank** 208 Elm St. New Canaan, CT 06480 203-972-3838; mybankwell.com	$956,410	0.79%	$1,416,544	$1,177,905	$3,817	10	Christopher Gruseke, CEO	2002
10	**ion Bank** 251 Church St. Naugatuck, CT 06770 877-729-4442; ionbank.com	$845,863	0.70%	$1,135,387	$910,754	$1,577	19	Charles J. Boulier, III, President & CEO	1870
11	**Savings Institute Bank and Trust Co.** 803 Main St. Willimantic, CT 06226 860-423-4581; www.savingsinstitute.com	$790,138	0.66%	$1,501,525	$1,159,742	$1,643	20	Rheo A. Brouillard, President & CEO	1842
12	**Chelsea Groton Bank** 1 Franklin Square Norwich, CT 06360 860-823-4800; www.chelseagroton.com	$756,540	0.63%	$992,624	$699,375	$1,417	14	B. Michael Rauh Jr., President & CEO	1854
13	**Newtown Savings Bank** (4) 39 Main St. Newtown, CT 06470 203-426-2563; www.nsbonline.com	$739,193	0.61%	$1,100,232	$918,954	$1,105	19	John Trentacosta, President & CEO	1855

Sources: Federal Deposit Insurance Corp. website: www.fdic.gov and banks
Note: Number of Conn. offices as of Aug. 4, 2016
(1) Acquired Naugatuck Valley Financial Corp., parent to Naugatuck Valley Savings and Loan, effective Jan. 15, 2016.
(2) Figure includes Naugatuck Valley Savings and Loan assets.
(3) This figure has been updated since reported in Dec. 2015.
(4) Main Street branch will relocate to 30-32 Church Hill Road.
—Compiled by Heide Martin.

To view the full list, please visit HartfordBusiness.com

Q&A Gerald Goldberg

that needs to be addressed.

We enjoyed a very good working relationship with Wells Fargo. At the same time, the industry is rapidly evolving. Going independent enables us to partner with Focus Financial Partners and provides us with an opportunity to take our practice, service and support of clients to the next level.

Q: There are a lot of financial advisory firms in Greater Hartford. Is that market oversaturated? What's your targeted market/customer base?

A: The principals at GYL have been working with clientele in the Greater Hartford area and beyond for the last 20 years. The presence of other advisory firms has not been an impediment to our growth. Consistent with my comments regarding our ability to be able to provide transition planning for other advisory firms, we anticipate there being consolidation in the industry. It is likely that consolidation will occur locally as well.

As for our target market, we work with large and small institutions as well as high net worth private clientele. We assist defined-benefit and defined-contribution plan sponsors in meeting their fiduciary responsibilities relating to the prudent investment of plan assets. As for private clients, we help them navigate critical financial events so they can concentrate on enjoying life and living it on their terms. ■

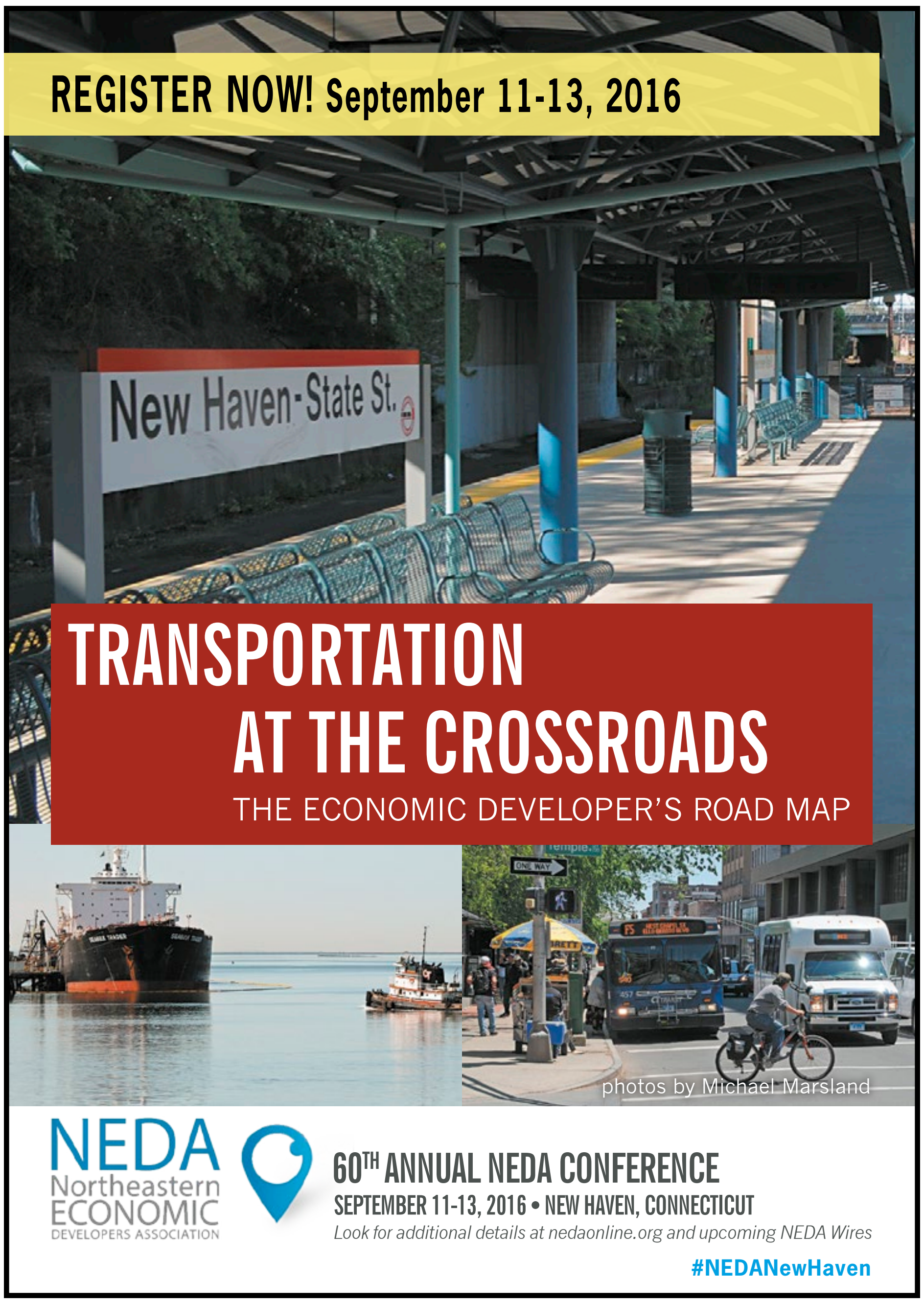



PHOTO | CONTRIBUTED

923 W. Main St., New Britain.

N. Britain's Main Place Apts. sold at $4.7M

The 72-unit Main Place Apartments in New Britain sold recently for $4.725 million, brokers say.

Allen-Main LLC drew multiple offers for the property it developed and owned 47 years ago at 923 W. Main St. before accepting the offer from buyer 923 West Main St. LLC, seller's broker Chozick Realty of Hartford said.

It has 64 two- and eight one-bedroom units. All apartments and common areas were completely remodeled in recent years, including new roofs and windows. Occupancy has been at or near 100 percent over the years, Chozick Realty said.

Chozick Realty said it actively marketed the property for three weeks, drawing multiple competitive offers for the seller.

E. Hfd. plaza sold


PHOTO | CONTRIBUTED

1140-1162 Burnside Ave., East Hartford.

A 32,000-square-foot neighborhood retail center in East Hartford has sold for $1.35 million, brokers say.

B.N. Mahesh bought the shopping plaza on 4.53 acres at 1140-1162 Burnside Ave. from seller Woodland Equities LLC, according to exclusive broker O,R&L Commercial.

Tenants include Family Dollar, Subway and The Burnside Market.

Southington pair listed

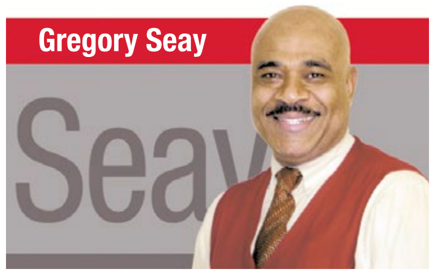
A 1.69-acre Southington parcel already approved to house an industrial building is for sale for $210,000, brokers say.

The property is located at 143-157 Industrial Drive, according to listing broker Sentry Commercial.

Gas, water and sewer utilities to the site also are available.

The cleared and dry acreage is approved for construction of a 22,640-square-foot industrial building, Sentry said. Economic incentives are available.

Also in Southington, about 45,000 square feet of a 120,000-square-foot industrial building at 74 Spring St., just off Queen Street/Route 32, near I-84, is for lease for $4.75 per square foot triple net, according to listing broker Reno Properties Group.



3 Newington med suites

Three Newington medical-office suites totaling just over 8,000 square feet are available for lease, brokers say.

In one of the buildings at 505 Willard Ave., a 4,500-square-foot suite is for lease, according to listing broker Reno Properties Group.

In the second, two suites — 1,800 square feet and 1,770 square feet — are available.

The rent for all three is $18 per square foot triple net, Reno said.

Existing healthcare tenants include: ProHealth Physicians; Hartford Hospital Eye Surgery Center; Newington Pediatrics; and Connecticut Foot Care Center.

N. Britain retail space

A 4,000-square-foot New Britain retail space is on the market for lease, with an adjoining pad site for sale.

The space, which can be subdivided into a pair, is part of a 17,000-square-foot retail center at 972 W. Main St., in the city's West End neighborhood, according to listing broker Reno Properties Group LLC.

The existing space comes in a vanilla finish and priced at $15 per square foot triple net, Reno said.

The pad site can accommodate an 8,000-square-foot free-standing building, with a ground lease starting at $75,000 annually.

Existing tenants include: Pocket Communications; State Farm; Concentra Health Services; Beauty Systems Group; and People's Choice Pizza. ■

Deal Watch wants to hear from you. E-mail it, along with contact information to: gseay@HartfordBusiness.com. Gregory Seay is the Hartford Business Journal News Editor.

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Robert Kelly said Oral Fluid Dynamics' artificial salivary gland is at least three years away from clinical trials, but he's hopeful it will eventually provide relief to a share of the 60 million Americans who suffer from dry mouth.

from page 1

Oral Fluid Dynamics eyes clinical trials for artificial salivary gland

Building Bioscience
AN HBJ SERIES ON CT'S BIOSCIENCE SECTOR

By Keith Griffin
kgriffin@HartfordBusiness.com

For many bioscience startups obtaining funding is usually a roadblock, but Farmington's Oral Fluid Dynamics has found early success, raising $175,000 in two years, with hopes of raising another $1.5 million by September.

The early momentum could be related to the uniqueness of Oral Fluid's product, as well as the size of its potential customer base.

The company is developing an artificial salivary gland to help the estimated 60 million people in the U.S. who suffer from dry mouth, a possible side effect for hundreds of prescription and nonprescription drugs that can also be brought on by aging, tobacco use, cancer therapy or autoimmune diseases such as HIV/AIDS and Sjogren's Syndrome.

Currently, over-the-counter mouthwashes are the only treatment option.

"I know people who suffer from this and I know there has been no solution either over the counter or prescription that works," said Robert Kelly, a UConn School of Dental Medicine reconstructive sciences professor who developed Oral Fluid Dynamics' technology. "These people are desperate."

The solution Kelly and his partners — Douglas Adams, a mechanical engineer with a Ph.D., who works in orthopeadic surgery at UConn Medical School, and Martin Freilich, an implant surgeon and prosthodontist at UConn Dental School — have come up with is a dental implant with a pump that takes fluid already present from the mandible bone and supplies it to the mouth. Kelly says it's the first mechanical solution for dry mouth.

Oral Fluid Dynamics is about three years out from clinical trials and is working on getting a $1.5 million grant from the National Institutes for Health (NIH) by September. The startup is currently testing its product on rabbits with miniature pigs up next.

"By the end of this we should have enough information for the Food and Drug Administration (FDA) for a limited clinical trial," that will focus on a small number of people to test the implant's safety, Kelly said. There are

HBJ PHOTO | KEITH GRIFFIN

An enlarged model of Oral Fluid Dynamics' artificial salivary gland implant.

potential infection risks related to changes to the jawbone, where the implant is placed, similar to how a dental implant is done.

Kelly, who owns 60 percent of the company, said people have already been trying to get on the waiting list when human clinical trials begin.

"It's either going to work really well or it isn't," Kelly said during a recent interview in a conference room outside his UConn Health office in Farmington.

The company's main competition comes

from the University of Texas Health Center at San Antonio and Rice University, which are working on another possible solution for dry mouth that focuses on tissue engineering through the use of cells to grow salivary glands.

"It's not going to work. The technology isn't far enough along and won't be for 30 years," Kelly said. Kelly doesn't express those words with any form of braggadocio. He has a scientist's detachment when discussing his device. His excitement, it seems, comes more in the response to the new world his invention has opened for him.

In July, for example, he took a trip to Basel, Switzerland, to meet with the heads of three companies that could manufacture the implant if it eventually receives FDA approval. The implants could also be made as close as Andover, Mass. "We don't want to manufacture this ourselves," he said.

Local connections

So far, Oral Fluid has raised money from various sources including Connecticut Innovations, the state's quasi-public venture arm, the UConn SPARK Technology Commercialization Fund and Acclerate UConn.

Recently, the company picked up an MBA student on a half-time fellowship because Oral Fluid Dynamics received $10,000 for general business purposes as part of Accelerate UConn, a university startup incubator and funder made possible by a grant from the National Science Foundation Innovation Corps.

▶ 'We're out there to provide solutions to desperate people.'

Robert Kelly, UConn School of Dental Medicine reconstructive sciences professor and founder, Oral Fluid Dynamics

The student gets a $5,000 stipend. Outside of some specialty accountants and lawyers, Kelly said he has found most of the support Oral Fluid Dynamics needs in Connecticut.

"This is pretty well funded," Kelly said, acknowledging that he and his partners are not entrepreneurs with killer business instincts. "We're out there to provide solutions to desperate people."

One funding option the company has avoided so far is venture capital, and its not by accident. Using venture funds would mean turning over control of the company, something Kelly doesn't want to do.

Still, all funding is important because the inventors need about $1 million annually for the next five years to get the product to market. Kelly hopes a manufacturing partner covers that expense because the reward could be worth it.

If the product eventually gets regulatory approval, about 200,000 people can be treated in the first five years because of the capacity of dentists who can perform the work on an annual basis, Kelly said.

"But you're looking at hundreds of millions in profits per year," Kelly estimates. That's just in the U.S. treating about 5 percent of the people who are affected by dry mouth.

Initial profit, Kelly said, based on "rough, back of the envelope figures," would be $5,000 per implant, which insurance companies, at least right now, don't cover.

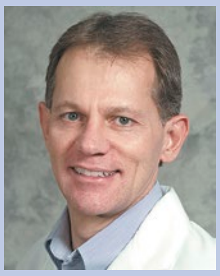
"We have no problem with people spending $25,000 to rebuild their mouths," Kelly said. "There are people out there who can afford it." ■

Kelly leads Oral Fluid's leadership 'trifecta'

By Keith Griffin
kgriffin@HartfordBusiness.com

There are three men behind the company known as Oral Fluid Dynamics, but it's majority owner Robert Kelly who is out front when it comes to promoting the Farmington startup.

He owns 60 percent of the fledgling biotech, which is trying to develop an artificial salivary gland to combat the problem of dry mouth, an affliction that seems minor but affects upwards of 60 million people in the U.S.



Douglas Adams, mechanical engineer in orthopeadic surgery, UConn Medical School

Martin Freilich, implant surgeon and prosthodontist, UConn Dental School

A conversation with Kelly is interesting for its contrasts. He's professorial when discussing what the team's invention will do — they're developing a dental implant with a pump that takes fluid already present from the mandible bone and supplies it to the mouth.

Asked if he envisions what he might do with the money if the product strikes gold, and he admits he hasn't thought about it. Or, if he has, it's not about gaining personal wealth.

"All the [company's] partners," Kelly said, alluding to Douglas Adams, a mechanical engineer who works in orthopeadic surgery at UConn Medical School, and Martin Freilich, an implant surgeon and prosthodontist at UConn Dental School, "are really mostly motivated by solving a medical problem for some desperate folks. If it works, there will be plenty for everyone."

Talk to Kelly about his time in the Navy, where he served for 21 years as a dental officer, and he becomes more animated.

A trip from his office at UConn Health's Farmington campus down to his lab involves multiple turns and elevator rides in the cavernous facility. It reminds him of the first time he stepped on a carrier.

"I got lost the first day," he said. "I couldn't find my way."

A transplant from the San Francisco Bay area, Kelly also lived four years in Boston during his two-decade long stint in the Navy. After his service, he landed at UConn, where he's worked for 17 years, and moved to Connecticut, part of the New England region he and his wife grew to love.

It's a good fit for his hobbies too, which include walking and photography. His aesthetic side becomes apparent when he expresses a shared admiration for the view from a UConn Health conference room looking out east towards Hartford.

Freilich, who owns 20 percent Oral Fluid Dynamics, has the longest tenure at UConn. He has been treating patients in the dental faculty practice, teaching and conducting research since joining UConn in 1985.

He is the director of pre-prosthetic/implant surgery in the division of prosthodontics.

He also serves as the principal investigator of studies developing new methods of jaw bone re-growth and as the principal investigator of a clinical study assessing the relationship between osteoporosis and jaw bone re-growth.

Adams, who also owns 20 percent of the company, has written extensively on the effect of various diseases on bones. Scholarly articles have included tips on accelerated fracture healing and the effects of sickle cell anemia on the bones of female mice.

It's his research that will help with the effects of placing the dental implant in the mandible bone that forms the lower jaw and will be the host to Oral Fluid Dynamic's implant if it hits the market.

Kelly says the combination of Freilich and Adams with him make for a perfect trifecta when it comes to developing a dry-mouth solution. ■

Will Obamacare survive as insurers pull out?

By Tami Luhby
CNNMoney

If three of the nation's largest insurers can't make it on the Obamacare exchanges, can anyone?

That's the question hanging over President Obama's signature health reform law less than three months before enrollment begins for 2017.

Aetna is pulling out of 11 of the 15 states where it offers Obamacare policies after losing $430 million, the company announced last week. Its move follows downsizings by UnitedHealthcare, which will operate in only three states in 2017, and Humana, which is withdrawing from nearly 1,200 counties in eight states.

There's no doubt Obamacare is suffering a major shakeup three years after the exchanges opened. Those who've signed up for coverage are sicker and costlier than expected, while too many healthier Americans are opting to pay a penalty rather than a premium. That's prompting many insurers to raise their rates by double-digit percentages for 2017 or minimize their presence on the market.

The high-profile insurers' actions, however, mask the fact that Obamacare is working for many people and has become a vital part of the healthcare landscape. More than 11 million Americans are covered by Obamacare policies, with 85 percent of them receiving federal subsidies that blunt the impact of premium hikes. That's sent the uninsured rate down to a record low 9.1 percent.

Also, some insurers are turning profits on the exchanges and expanding into new Obamacare markets. This is particularly true of companies that entered the individual market after specializing in providing Medicaid benefits to low-income Americans.

The turmoil is not unexpected, experts say. It's crucial that both the government and insurers take steps to stabilize the program, but Obamacare is not doomed, they say.

"It's a brand new market. It's volatile," said Sabrina Corlette, research professor at Georgetown University's Health Policy Institute. But "the fundamentals are sound."

Who's profiting from Obamacare?

There's no question many insurers are losing big money on Obamacare. Costs exceeded income by 5 percent in 2014, and that figure doubled the following year, according to McKinsey's Center for U.S. Health System Reform. Losses are expected to grow this year.

Only 30 percent of insurers ran profitable individual divisions in 2014. That share slipped to about a quarter last year, according to McKinsey.

Insurers that have fared better on the exchanges typically offer more restrictive policies. They have more limited networks of doctors and hospitals and manage their enrollees' healthcare usage more tightly.

Take Molina Healthcare, which has a profitable exchange business that targets lower-income customers who qualify for both premium and out-of-pocket subsidies. A Molina executive noted on a conference call last month that it doesn't offer its policyholders access to Cedars-Sinai Medical Center, a prestigious Los Angeles hospital. That helps it keep its rates down.

"... They're priced way above what we and our population we're targeting can afford," said John Molina, the insurer's chief financial officer. Bigger insurers, like Aetna, UnitedHealthcare and Humana, on the other hand, have focused largely on the employer market, which typically demands more choice and control.

"Their traditional products are not working for this population," Corlette said.

National carriers aren't the only ones struggling with higher-than-expected costs on the exchanges. Many Blue Cross Blue Shield companies, which have insured individuals for years, and smaller players are also suffering, said Dan Mendelson, president of Avalere Health, a consulting firm.

That's because there are too many sick people in the risk pools and not enough healthy ones to offset the costs. And the situation is getting worse, he said.

"The government will have to get involved," Mendelson said. "The exchanges are viable in the long-term, but only if the government stabilizes the risk pools."

Making the exchanges healthier

Experts suggested several ways to lure healthier people into the exchanges, including increasing the penalties for not having coverage and boosting the subsidy levels to make it less expensive to obtain insurance.

Also, state and federal governments can offer incentives to insurers to participate on the exchanges — both through carrots and sticks. Alaska, which will have only one carrier on its exchange next year, created a fund that will help insurers cover high-cost patients. The money will come from a tax levied on all Alaska insurers (not just health insurers).

Nevada, on the other hand, requires all insurers that participate in its Medicaid market to also offer coverage on its exchange. ■

from page 1

Wealthier grand list is 'end game'

William Carroll, business development coordinator for the New Britain Chamber of Commerce, says total investment in rehabilitating various downtown buildings, including creating a new home for a dialysis-treatment clinic, beautification infrastructure and other pending projects, will approach $100 million within the next five years.

"We haven't seen growth like this since probably before my parents were born," said Mayor Erin Stewart, scion of ex-Mayor Timothy Stewart.

Indeed, since CTfastrak debuted its downtown New Britain terminal in March 2015, at least a half dozen redevelopment projects have been announced or completed in downtown. The city, too, is working through a multi-phase, master-planned scheme to improve its streetscapes and other infrastructure.

"People want to invest in cities that are investing in themselves. And we're certainly doing that," Erin Stewart said.

That's exactly what the state envisioned from the publicly funded $567 million busway, said state Department of Transportation Commissioner James P. Redeker, a staunch advocate of transit-oriented development.

"When you get economic development that's driven by the private sector, that's a real win," Redeker said.

The newest private redevelopment downtown is 1 Herald Square, the New Britain Herald's former home, set for formal dedication in a few weeks. The reconstituted property, blocks from the city's new police station, houses a soon-to-open dialysis-treatment center in about a third of its 31,000 square feet.

The city has also chosen a New York City developer to convert its former police station site on Columbus Boulevard into a $58 million mixed-use development, Columbus Commons. On top of that, New Britain has found buyers for a pair of vacant, blighted buildings that will be restored as apartments and office space.

Cromwell investor William Coons Jr. says New Britain's eagerness to remake and revitalize its central core, plus the location of the CTfastrak terminal, drew him and his company, Opportunity Real Estate Equities (OREE), to the city. OREE owns and redeveloped the 1 Herald Square property.

"We feel New Britain is a city that recognizes that development is good for their city," Coons said.

The city-OREE relationship blossomed such that, even before the 1 Herald Square conversion was complete, OREE inquired about other city properties available for redevelopment.


HBJ PHOTO | GREGORY SEAY

Hartford nonprofit Chrysalis Center Inc. plans to renovate this vacant Court Street apartment building.

Just so happens, the city had two, Carroll said. OREE agreed to pay the city $25,000 for one, a dilapidated structure known as The Hatch Building on Washington Street. The new owner's plan is to remediate the former insurance-company and chamber of commerce office building into retail and office space.

"The interest is a true display," said Carroll, "of New Britain being proactive in working with our developers by providing seamless continuity in moving these projects forward. Our end result being enhancing our tax base, providing jobs, residences and beautification."

Hartford nonprofit Chrysalis Center Inc. is buying another of the city's derelict properties, a vacant apartment building on Court Street, just blocks from the CTfastrak terminal, which it will rehabilitate into 24 units of market-rating housing — four reserved for veterans — called Courtland Arms.

Chrysalis will pay $48,000 for the building and buy a vacant lot next door for parking — a relative bargain considering the building is full of mold, asbestos and lead paint that will cost thousands more to abate, said Chrysalis CEO Sharon Castelli.

Still, the site fits Chrysalis' mission of social services and affordable housing, Castelli.

"We love the idea that it's downtown, on the new busway," she said. "It will allow individuals and families that live there to get into Hartford to work, or to other places along the [busway route]."

More downtown development is coming. In July, the city chose developer POKO Inc. to reimagine its former downtown police station site into 168 apartments and retail and office space at Columbus Commons.

"It's a downtown, walkable lifestyle for the project that we're proposing," said POKO Managing Director Andrea Kretchmer.

New Britain's bid invitation to developers was key to POKO's involvement, she said.

"That means they're welcoming development," Kretchmer said. "It's not our focus to try to convince cities about something they need."

Feet on the street

New Britain, with its mayor leading the charge, has clearly signaled its willingness to accommodate development, developers say. They say they have regular contact with either Erin Stewart or her chief of staff, along with key officials in the city's planning and



HBJ PHOTOS | GREGORY SEAY

Avner Krohn is retail landlord of these spaces (clockwise from left) along West Main Street; The Hatch Building; and the former police station site that will house the $58 million Columbus Commons residential-commercial development.

zoning and building departments.

Stewart said the "end game" for the city's redevelopment blueprint is to add to and expand the overall value of its real estate grand list in order to spread and minimize the tax burden on local property owners. After avoiding a tax hike a year earlier, New Britain was forced to raise this year's mill rate due to state cuts in municipal aid and smaller collections in lieu of taxes on properties the state owns in New Britain, Stewart said.

But amid all the new and planned construction and renovation, New Britain faces another, perhaps even bigger challenge, said Carroll, the chamber official.

"Downtown needs feet on the street," he said.

This summer, Carroll and Stewart say they've noticed more people congregating in the city's revamped former town green. Brick pavers and bright plantings now frame the area, where most days downtown visitors can ply any of several parked food trucks. A farmer's market occupies the same green space other days, Carroll said. The presence of Central Connecticut State University's (CCSU) downtown campus on Main Street has helped boost downtown's pedestrian traffic.

The pair of highways linking New Britain to all four corners of the state potentially now are gateways to bring visitors, tourists and workers into the Hardware City, Carroll said.

New Britain's existing downtown landlords welcome the fresh players. New York developer Avner Krohn says that in the last decade he has purchased and overhauled five properties totaling about 110,000 square feet of housing, office and retail space — an investment totaling $9 million to $10 million.

His latest underway is the conversion by fall of a former Taco Bell into an AFC/Doctors Express clinic. Next spring, Krohn breaks ground in the city on a medical-office building.

"I look at downtown [New Britain] as a unique version of what Middletown was 10 years ago," Krohn said. Empty storefronts that once lined Middletown's Main Street corridor are now filled, mostly with restaurants, and anchored by the police station, he said.

New Britain's transition mirrors Middletown's in that it began with the relocation of the police station to a more visible stretch of Main Street downtown. Like Middletown, New Britain, too, is home to a college — CCSU — that each semester draws about 200 pupils, faculty and staff daily to its satellite Main Street campus.

Through a spokeswoman, CCSU says it supports redevelopment of downtown New Britain and continues to consider options for expanding its presence there. In the past three years, CCSU says it has relocated about a dozen entities — including internal auditing, continuing education and the CCSU Foundation — from its main campus to space it owns and rents downtown.

According to Ian Fishkin, in-house general counsel to New York developer Henry Justin, who owns The Plaza office tower (formerly ACMAT Plaza), 233-235 Main St. downtown, the landlord has pressed CCSU to relocate its art department to his building.

"They think it's a great idea," Fishkin said. "But like everything with the state, it's a process. They understand the need for people downtown."

Downtown New Britain's nascent transition, he said, is akin to the evolution that took root, also led by the arts community, in New York City's Manhattan-Soho and Brooklyn-Williamsburg neighborhoods decades ago.

"Without people on the streets, it's all for naught," Fishkin said. "We want people. We want corporations. … There's no reason downtown can't be great again, especially with CTfastrak." ■

Growing Hartford startup lands Sacred Heart deal

PHOTO | CONTRIBUTED

Wearsafe's "tags" can communicate through a smartphone from up to 200 feet.

Hartford's Wearsafe Labs, which began selling its mobile app-enabled panic button late last year and soon drew a more than $2 million funding round, has hit its next milestone.

Under a recently inked deal with Fairfield's Sacred Heart University, all 1,350 freshmen will receive a free Wearsafe button, the company told the Hartford Business Journal.

The button or "tag" — typically sold as part of a $5-per-month subscription service — is a discrete way for a user to alert a customized network of friends and family that he or she may be in danger, transmitting location data and audio that network members can use to decide whether a call to police is warranted.

Wearsafe has put an emphasis on marketing the product to college-aged women and their parents. Sacred Heart, whose students are more than 60 percent female, is Wearsafe's first major institutional customer.

"The safety of our students is always our top priority, and we see this tool as providing another layer of protection for them as well as a way to alleviate some of their parents' concerns," Larry Wielk, Sacred Heart's dean of students, said.

Sacred Heart, which has 4,800 total students, said it will also offer Wearsafe for purchase to its upperclassmen.

David Benoit and Phill Giancarlo, Wearsafe's co-founders, said they didn't anticipate schools or corporations to be early adopters of the company's technology.

But the Sacred Heart deal, an ongoing pilot with a major pharmacy chain (the name of which they wouldn't disclose), as well as a pending deal later this year with the American School for the Deaf, have proven their assumptions wrong.

Meanwhile, Wearsafe, which reports "several thousand users" so far, has been hiring.

Its 1429 Park St. office now houses 19 employees, and Benoit and Giancarlo hope to get to 25 by the end of the year. They're seeking technical talent, like web and app developers, as well as marketers, as they plan an advertising ramp-up later this year.

So far, they've been able to locate the tech talent they need in Connecticut.

"Our goal is to stay in this area. We love it here," Giancarlo said.

The hiring and marketing has been funded by a $2 million round disclosed in January, and Wearsafe is already working on its next round.

Earlier this month, it filed a notice with the U.S. Securities & Exchange Commission disclosing that it had raised another $710,000 in equity capital out of what it hopes will eventually be $5 million.

Benoit and Giancarlo said the latest round involves some new undisclosed investors.

They're also spending money on their manufacturing operations. The company wants to potentially contract manufacturing of its hardware to more than one company, and have the option to scale up to many more units in the future.

"It's important to forecast accurately and hedge our supply chain and manage any long lead time components that are ultimately incorporated into the device," Benoit said.

Lastly, Wearsafe is beta testing a new capability that will allow users' friends and family network to permit a 911 dispatcher to see and hear all the information they are receiving. Wearsafe hopes to roll out that service — which it says would be free for both subscribers and police — in October.

– Matt Pilon

State House Square resets loan maturity

Owners of downtown Hartford's State House Square office building have been granted a three-year repayment extension and a lower interest rate.

New York City commercial-loan tracker Trepp LLC reported last week that owner-landlords FBE-State Square LLC and MAC-State Square LLC had finalized their previously reported efforts begun last April at modifying their original $86.5 million mortgage obtained in 2007 to acquire the office complex at 10-90 State House Square.

The owners could not be reached for comment.

According to Trepp's report, the loan, originally set to mature next February, has been reset to be paid off on or by Feb. 10, 2020. The previous maturity was Feb. 6, 2017.

Also, the interest rate is now 4 percent, down from the original 6.195 percent; Wall Street investment banker-advisor Goldman Sachs originated the loan, Trepp papers show.

Nothing in Trepp's report indicates any changes to Travelers Insurance's previously disclosed plans to occupy less space in the building across from Constitution Plaza sometime in 2017.

– Gregory Seay

FARMINGTON BANK

First Connecticut Bancorp Inc.

One Farm Glen Blvd., Farmington, CT 06032 |
www.farmingtonbankct.com

First Connecticut Bancorp Inc. is the holding company for Farmington Bank, which provides various commercial and consumer banking services to businesses, individuals and governments in central Connecticut.

Top Executive: John J. Patrick, Chairman and CEO

FACT BOX

Industry: Community Bank

2Q 2016 Revenue: $24.3M

2Q 2016 Net Income: $3.6M

Quarterly Profit Change: $171,000

Cash: $66.7M

Employees: 343

Competitors: Citizens Financial Corp.
People's United Financial Inc.
Webster Financial Corp.

STOCK WATCH (as of noon Aug. 18)

Ticker Symbol: FBNK **Stock Price:** $16.52 **Market Cap:** $261.32M

52 Week Range Price: $14.42–$18.40 **Outstanding Shares:** 15.82M

TOP INSTITUTIONAL INVESTORS

Holder	Shares	% Stake
Clover Partner L.P.	591,207	3.74
EJF Capital LLC	544,089	3.44
Vanguard Group	540,412	3.42

CORPORATE SUITE

Executive	Title	Salary	Bonus	Stock Awards	Non-equity Incentive	Total
John J. Patrick, Jr.	Chairman/CEO	$515,000	$0	$0	$333,384	$1,437,086
Michael T. Schweighoffer	Chief Lending Officer/EVP	$280,011	$0	$0	$109,974	$561,929
Gregory A. White	CFO/EVP	$256,800	$0	$0	$100,858	$506,133

MOVERS & SHAKERS


Sheng Li


Jason Giulietti


Sanjay Gupta


Richard C. O'Connor


Robert A. Marsoli Jr.


Emily Petrik


Jeffrey Bruneau


Kathleen Lilley

Computational biologist joins The Jackson Laboratory

The Jackson Laboratory has appointed **Sheng Li**, a scientist who develops computational tools and studies cancer epigenomics, as an assistant professor, effective in October.

Li comes to JAX from Weill Cornell Medicine in New York, where she is an instructor of bioinformatics working in cancer epigenome dynamics. She will join the JAX Genomic Medicine faculty in Farmington.

Her lab aims to understand the inner workings of cancer cells — the genetic and epigenetic diversity that drives cancer initiation and progression. Her ultimate goal is to help devise new therapies to attack cancer cells effectively with the power of big data.

World Affairs Council of CT names new board members

The World Affairs Council of Connecticut recently designated four new board members: **Cynthia C. Bell-Bucha**, **Kevin Bechard**, **Jason Giulietti** and **Sanjay Gupta**, with **Se-Min Sohn** as the newly elected president.

Bell-Bucha's professional experience includes broadcast journalism, publishing and education and she helped develop a magazine for The World Affairs Council of America. Currently she is a contributing writer to TownVibe and publisher of six lifestyle magazines that serve Connecticut and upper Westchester, New York.

Bechard is an instructor of management, entrepreneurship and marketing at Manchester Community College. Giulietti is vice president of business recruitment for the Connecticut Economic Resource Center.

Harvard Pilgrim Health Care names marketing VP

Richard C. O'Connor, a senior marketing leader with experience in business-to-business product marketing and direct-to-consumer strategies, has been named vice president of marketing at Harvard Pilgrim Health Care.

Most recently, O'Connor served as senior vice president and chief marketing officer for Telcare Inc. of Concord, Mass. He also has worked as vice president of product marketing at Aetna Inc.

Hospital for Special Care elects new board chairman

The Center of Special Care Inc., parent company of Hospital for Special Care and its affiliated operating entities, has elected **Samuel N. Paul** as chairman of its board of directors. Paul is president and partner of Meadowbrook Center Inc.

As chairman, Paul will preside at all meetings of the board and is responsible for the overall governance and management affairs of Center of Special Care.

Previously, Paul spent 25 years at United Technologies Corp., where he held multiple senior management positions before transitioning to president and CEO of Bowater Industries PLC. Before entering semi-retirement, Paul was the senior manager and principle of multiple startup companies.

Former Chairman **David Kelly** will remain on the board as vice chairman, Center of Special Care; **James Mahoney** will continue as chairman, Hospital for Special Care Inc., and will serve as chairman, HSC Community Services Inc.; and **Richard Feitel** was elected vice chairman of Hospital for Special Care and HSC Community Services and will continue his role as chairman of Hospital for Special Care Foundation Inc.

Hoffmann Architects names project engineer in Hamden

Hamden-based Hoffmann Architects, an architecture and engineering firm specializing in the rehabilitation of building exteriors, has promoted **Robert A. Marsoli Jr.** to project engineer.

Marsoli joined the firm in 2007 as a project coordinator, later becoming project manager. He mentors junior staff members and engineers in training in the investigation and rehabilitation of building distress, oversees project management and publishes articles related to parking structures and building enclosures.

Savings Institute Bank & Trust appoints branch managers

Willimantic-based Savings Institute Bank & Trust has named **Emily Petrik** branch manager of its Dayville location and **Scott Heimer** vice president and branch manager of the East Hampton and Colchester locations.

Petrik previously worked at Savings Institute Bank & Trust as assistant branch manager of the Moosup location. Before joining Savings Institute Bank & Trust, Heimer worked at Citizens Bank as vice president and branch manager.

Wells Fargo VP named to nonprofit boards

Jeffrey Bruneau, Wells Fargo vice president, community bank district manager, has been appointed to the board of directors at the Waterbury Regional Chamber of Commerce and Greater Waterbury Interfaith Ministries, which promotes self-sufficiency among the homeless and underprivileged. Bruneau, who began his career at Wells Fargo nearly a decade ago as a financial specialist, manages Wells Fargo's community bank in the Hartford/Waterbury region.

Ad Club I CT 2.0 appoints new executive director

The Advertising Club of CT, now known as Ad Club I CT 2.0, announced the appointment of **Kathleen Lilley** as its new executive director.

Lilley has worked in meeting, conference and event planning and execution, both locally and globally, and has worked for Riverfront Recapture, MetroHartford Alliance, Aetna, Travelers, Gartner and more. Her current consulting business is Value Added Management Group.

NONPROFIT NOTEBOOK

NONPROFIT PROFILE

Nutmeg Big Brothers Big Sisters Inc.

30 Laurel St., Hartford | www.nutmegbigbrothersbigsisters.com

MISSION

To make a positive difference in the lives of children and young adults.

TOP EXECUTIVE	SERVICES
Andrew Fleischmann, President/CEO	Volunteer services, local leadership, mentoring and advocacy.

FY 2015 SUMMARY

	2014	2015
Total Employees	32	25
Total Assets	$262,750	$233,544
Total Liabilities	$156,296	$101,094
REVENUES		
Contributions & Grants	$1,544,033	$1,487,338
Program Service Revenue	$0	$0
Investment Income	$580	$(305)
Other	$0	$0
TOTAL	**$1,544,613**	**$1,487,033**
EXPENSES		
Grants	$0	$0
Member Benefits	$0	$0
Salaries/Employee Benefits	$858,244	$894,455
Fundraising Fees	$0	$0
Other	$568,317	$566,582
TOTAL	**$1,426,561**	**$1,461,037**
MARGIN	**$118,052**	**$25,996**

TOP PAID EXECUTIVES (FY2015)

	Base Salary	Total Compensation & Benefits
Andrew Fleischmann, President/CEO	$100,384	$100,384

SOURCE: GUIDESTAR IRS 990 TAX FORM

PHOTO | CONTRIBUTED

The Connecticut Humane Society received a **$70,000** grant from the Peter Grayson Letz Fund for Animals and the Environment, administered by the **Community Foundation of Eastern Connecticut**. The grant will provide veterinary care, supplies and other resources to low-income pet owners, free veterinary services for animals being cared for by town animal control officers, and training for animal welfare professionals.

Pictured (from left) are: Alison Woods, Community Foundation of Eastern Connecticut; Jennifer O'Brien, Community Foundation of Eastern Connecticut; and Gordon Willard, executive director of the Connecticut Humane Society.

• • •

The Children's Museum was recently awarded a **$2,500** grant from **People's United Community Foundation** to support its Science Achievement for All programs. The SAFA programs foster STEM learning through hands-on classes and demonstrations that are offered as field trips or outreach programs.

• • •

Main Street Community Foundation has awarded over **$96,140** in grant awards to 36 organizations serving Bristol, Burlington, Plainville, Plymouth, Southington and Wolcott. The grants were awarded from 23 endowed funds established by donors to support the local community.

• • •

Jon-Paul "JP" Venoit has been named president and CEO of Wallingford-based **Masonicare**, effective Oct. 1.

Venoit, who is COO now, succeeds Stephen B. McPherson, who is retiring at the end of September after 16 years with the senior-living and healthcare nonprofit. Howard W. Orr, chairman of the board of trustees for Masonicare said the choice of Venoit follows a rigorous search process that generated "several outstanding candidates from within and outside the organization."

Venoit has been with Masonicare since 1990, while in high school, when he worked as a waiter at Ashlar Village, the organization's retirement community in Wallingford. Over his career, his roles have ranged from executive director of residential services to oversight of all the operating entities.

EDITORIAL

CT's fiscal crisis presents reform opportunities

"You never want a serious crisis to go to waste."

Those words were made famous most recently by former President Obama chief of staff and now Chicago Mayor Rahm Emanuel, when he was talking to a group of corporate executives in 2008 about the opportunities for a large-scale government response to the financial crisis and other serious issues facing the country at the time.

What followed were several sweeping reforms from an $800 billion-plus stimulus package to the Affordable Care Act.

Now it appears, Gov. Dannel P. Malloy's administration is taking a page out of the Rahm Emanuel playbook, using Connecticut's own fiscal crisis as a way to reform government.

The latest example: Last week the Department of Developmental Services (DDS) commissioner unveiled a plan to privatize dozens of state-run group homes and other services for the intellectually disabled, which could save the state an estimated $70 million by next fiscal year, mainly through the elimination of 605 state jobs.

Besides offering a money-saving opportunity, the move caters to a state and nationwide trend of moving the infirmed and disabled out of institutionalized care and into community settings. The savings is largely derived by replacing a unionized, higher-paid state workforce, with lower-paid nonprofit or private-sector workers.

Broadly speaking, we agree with the policy move, although we understand the economic hardship that will be placed on those state workers who will be losing their jobs. Connecticut's fiscal crisis has left Malloy and other government officials little choice, but to find ways to dramatically cut spending in areas where we dish out the most amount of money.

Providing care to the intellectually disabled and the sick may be one of government's most important tasks, but also the most costly. DDS, for example, employs thousands with a billion-dollar plus budget to provide care and services for about 16,000 people. Finding ways to rein in those costs, while also preserving or improving the quality of services, is a must.

Union officials, as expected, blasted the Malloy administration announcement, arguing that the private sector won't be able to provide the estimated savings or match the service standards provided by state-run institutions, but the facts don't necessarily match the rhetoric.

For example, a 2011 report by the Legislative Program Review and Investigations Committee concluded, among other things, that it is on average about twice as costly for residential care in public settings, with little to no difference in the quality of care provided.

The report recommended an accelerated pace of moving away from a "dual service system to a private sector service model."

That's not to say privatization plans are without risks and/or challenges. We'd like to see the program's full implementation blueprint before we give it an all encompassing stamp of approval. Few details were shared on how the transition will be managed.

Also, as Hartford Business Journal columnist John Horak has written about recently, the significantly lower pay for private/nonprofit care and service providers is a threat to the system, making it difficult to retain quality workers.

Nonprofits are so underfunded by the state's contract-based system, Horak asserts, that some providers have a difficult time paying their workers a living wage. That's a concern that must be taken into consideration because if the nonprofit sector can't attract committed, talented caregivers, quality is at risk.

However, desperate fiscal times call for drastic measures, and reforming Connecticut's costly long-term care and services is a must. We applaud Malloy for taking proactive measures in this regard.

Now we just hope the implementation is effective and the projected cost savings become a reality. ■

HARTFORDBUSINESS.COM POLL

Is privatizing care for the developmentally disabled good policy?

- ○ Yes
- ○ No

To vote, go online to HartfordBusiness.com.

Last week's poll results:
Who would you prefer to be president of the United States?

43.9% Hillary Clinton

56.1% Donald Trump

OTHER VOICES

Minimum-wage hike has drawbacks

By Kevin Maloney

While Connecticut legislators take the summer off to campaign for re-election, some continue to tout potential future legislation that can only be described as anti-business. As General Electric relocates to Boston and Aetna leaves the door open to departure from Hartford, lawmakers should be very cautious about doing anything in the next session that would make it more difficult to run a big or small business in Connecticut.


Kevin Maloney

The Connecticut economy has not fully recovered from the Great Recession and state government still does not have its own fiscal house in order.

One of the signature items on the agenda of some anti-business legislators is an increase in the minimum wage to $15 an hour. While everyone supports higher wages, a quick increase of this magnitude would almost certainly have immediate negative effects on small businesses that rely on entry-level and part-time workers and the employees themselves.

This is more than conjecture; hard evidence is already coming in from Seattle where the campaign for a nationwide $15 an hour minimum wage has had one of its most significant victories to date.

A University of Washington survey has found that 30 percent of Seattle employers have either reduced staff, or intend to reduce staff, as a result of the wage increase requirement. The Federal Reserve Board of San Francisco has also reported "a higher minimum wage results in some job loss for the least skilled workers — with the possibility of larger adverse effects than earlier research suggested." Both findings were included in an article published by Michael Saltsman of the Employment Policies Institute.

The same report found additional evidence of small business closings and a reduction in hours for minimum-wage employees in markets around Seattle where similar wage laws have been put into effect. Clearly this is not just a matter of forcing employers to reduce their profit margins. This dramatic boost in the minimum wage is obviously hurting many of the people it was specifically designed to help. Low-wage workers are losing their jobs completely or being forced to reduce their work schedules.

Common sense also tells us that another way for employers to recoup the cost of forced wage hikes is by raising prices for consumers. The impact of sudden minimum-wage increases is so profound that a survey of labor economists by the University of New Hampshire found that 72 percent oppose the idea of a $15-an-hour mandate.

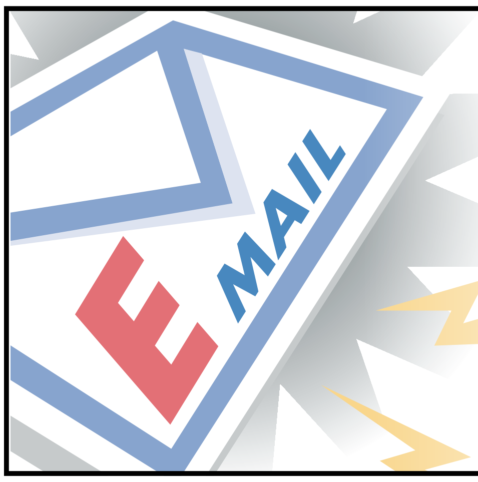
Voting to mandate artificial wage increases in the private sector may seem like an easy "yes" vote for many in the Connecticut legislature, but given the fragility of our state's economy, coupled with evidence and experiences from elsewhere, it would be a decision fraught with real-world consequences.

> ▶ **Voting to mandate artificial wage increases in the private sector may seem like an easy "yes" vote … but given the fragility of our state's economy … it would be a decision fraught with real-world consequences.**

Government leaders from the governor on down have already warned that the state budget is only temporarily in balance and that deficits of more than $1 billion a year are on the horizon at least through 2018. It is time for our state government to focus first on securing Connecticut's own financial future before meddling in the private sector, where government mandates — from wage hikes to paid-leave mandates — can do real harm, especially among small businesses.

The smartest thing lawmakers can do to improve the Connecticut business climate is to stabilize government finances for the long term. ■

Kevin Maloney is the owner of Northeast Express Transportation Inc. in Windsor Locks, and serves as chairman of the state Leadership Council for the National Federation of Independent Business.



Send Us Your Letters

The Hartford Business Journal welcomes letters to the editor and guest commentaries for our opinion pages. Electronic submissions are preferred and welcome at: **editor@HartfordBusiness.com**.

EXPERTS CORNER

A new approach to net metering

By Paul R. Michaud

Since 2004, more than 20,000 Connecticut homes have added solar panels, creating the equivalent of a 154-megawatt power plant spread across the entire state. This $696 million investment has not happened by accident. The state's high electricity prices and low-cost solar financing from the Connecticut Green Bank have been a recipe for the home-solar boom.


Paul R. Michaud

As in many states, Connecticut homeowners have also benefited from steadily declining solar panel manufacturing costs, as well as a state "net metering" law.

Net metering allows homeowners to receive the full retail rate for the energy that their solar panels generate, while any excess generation at the end of the year is reimbursed to the homeowners by utilities at the wholesale rate.

Net metering has been a boon for solar, enabling third party power-purchase agreements and removing technical barriers. But there is growing tension between the solar industry and the electric utilities.

Now that solar power production has proliferated in many states, including Connecticut, electric utilities are pressuring state legislatures and regulators to eliminate or weaken net metering. The electric utilities argue that paying full retail rates for solar generation doesn't completely offset the fixed costs necessary to maintain solar customers on the electric grid, and that net metering subsidizes solar panel customers at the expense of customers who do not have solar panels.

The electric utilities call this cross-subsidization.

Hawaii ended net metering, but "grandfathered" existing solar customers. Nevada took the matter several steps further, ending net metering for new customers while slashing the price utilities must pay to existing net-metering customers. It made home solar uneconomical and drove solar installers from the state. If something similar happened in Connecticut, it would be similarly devastating to existing solar homeowners and the solar industry.

So what's the net-metering end game?

A compromise may lie somewhere in the middle. Some electric utilities have developed an approach to calculating the value of solar, a method they have named "Value of Solar" (VOS) cost avoidance.

This method involves the development of a VOS tariff, a cents-per-kilowatt hour rate that accounts for the benefits solar provides to the electric grid, such as avoided transmission, avoided distribution, avoided energy/fuel and avoided environmental costs, less any costs incurred by the local utility company to connect a solar homeowner to the grid.

▶ **Now that solar power production has proliferated in many states, including Connecticut, electric utilities are pressuring state legislatures and regulators to eliminate or weaken net metering.**

Another aspect to VOS is for solar homeowners to have both a utility meter and a solar output meter. The electric utilities would charge their standard service rates for a solar homeowner's electricity consumption, but would pay that solar homeowner the determined VOS rate for the solar generation.

This is referred to as the "buy-all, sell-all" approach. There are concerns about taxes and ownership that will need to be resolved if VOS is to catch on. One concern is that solar homeowners selling solar generation to the electric utility may have to pay taxes on the revenue. Another concern is that the buy-all, sell-all approach may make solar homeowners ineligible for a 30 percent federal investment tax credit.

In addition, there are questions about whether a two-meter model would still allow third-party solar companies to own rooftop systems, or whether homeowners would be required to own them outright. If those hurdles can be overcome, VOS could be a win for all parties.

The electric utilities would recover their fixed costs, solar homeowners would receive a fair price for their solar generation, non-solar homeowners would no longer be subsidizing homeowners with solar, and the system would encourage efficiency and conservation. ■

Paul R. Michaud is an attorney with Murtha Cullina and executive director of the Renewable Energy & Efficiency Business Association. He represents clients in renewable energy and energy-efficiency projects.

BIZ BOOKS

Tips for avoiding tunnel-vision management

"The Power of Noticing: What the Best Leaders See" by Max Bazerman (Simon & Schuster, $16).

At work, most people, and in particular executives, focus on what's in their inbox and develop tunnel vision. They forget that their box doesn't contain all there is to be seen. They forget that information in the inboxes of others will impact their ability to do their jobs. They forget that colleagues can help solve their problems.

Noticing and questioning fit hand-in-glove. By asking questions, especially ones involved in testing hypotheses, people make better-informed decisions. Bazerman points out the 1986 space shuttle Challenger disaster could have been avoided if the NASA engineers had asked a simple question: "What effect would low ambient temperature at launch have on an O-ring's ability to properly seal?"

The lack of noticing also appears in what Bazerman calls "motivated blindness." When people don't want to deal with information, they ignore it. Rather than confronting the issue, they understate the problem. Much of this blindness stems from the organization's culture.

Case on point: After the numerous fatalities caused by the ignition-switch issue came to light, General Motors was forced to confront the safety issue. Internal documents showed that GM had a dictionary of "words not to use" when describing potential problems and bad news. By downplaying

the seriousness of potential problems, people didn't notice them. Problem minimization cost GM billions in recall costs and legal settlements — and reputation.

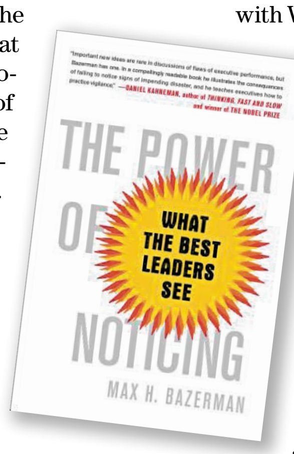
The road to not noticing may also be paved with good intentions that lead to unforeseen consequences. Homeownership was something touted by both sides of the political aisle. Weakening mortgage-qualification standards to allow more people to own homes (and pay property taxes) was generally workable as long as housing values continued to rise. No one asked the question: "What happens if housing prices decline?"

That's exactly what happened when the economy began tanking in 2007. People lost jobs and couldn't afford to pay their mortgages, while others decided against buying homes. Too many homes and not enough demand created a downward spiral in housing prices. Even those who could afford to pay found their mortgage balance far exceeded their home's value; many walked away. The financial crisis deepened because institutional and private investors who bought mortgage-backed securities suffered losses.

▶ **If leaders want to increase noticing across the board, they need to encourage people to ask questions that drive to the why of what's happening and test assumptions about what could happen.**

What do these situations have in common? No one thought to think about 'what might happen if … .'

Noticing also involves "The dog that didn't bark." What didn't happen often goes unnoticed. This leads to errors of omission. People notice the harm of action, while ignoring the harm of inaction. Not doing something always has a price.



From a business view, this often plays out when it comes to cost and price management. Example: Walmart's suppliers "must agree to accept any financial or criminal liability resulting from the sale of their products." Blitz USA, once a large manufacturer of gas cans, had a contract with Walmart. To minimize gas can explosions, it proposed adding an arrestor that would prevent a flame from flowing into the can. Its cost was estimated at about $1 per can. Walmart rejected the design change on the basis of the price increase. To keep its contract with Walmart, Blitz didn't add a common-sense safety feature. It ultimately went bankrupt because of product-liability suits.

Bazerman's message: "Organizational systems affect what their employees will pay attention to — and what they will overlook." If leaders want to increase noticing across the board, they need to encourage people to ask questions that drive to the why of what's happening and test assumptions about what could happen. ■

Jim Pawlak is a nationally syndicated book reviewer.

OF NOTE

THREE COMMUNITY LEADERS TO BE HONORED BY LEADERSHIP GREATER HARTFORD


Worth Loomis


Julie Daly Meehan


Tracey Kittoe

Leadership Greater Hartford (LGH) will honor the recipients of the 2016 Polaris Awards at their 40th Anniversary Gala in November. The recipients include Worth Loomis, Julie Daly Meehan and Tracey Kittoe. The Polaris Award recognizes community leaders for their vision, skill and courage in serving the Greater Hartford community.

Loomis is the former president of the Dexter Corp. in Windsor Locks, and one of the originators of Leadership Greater Hartford.

Daly Meehan is the executive director of HYPE and director of investor engagement and digital media at the MetroHartford Alliance, and also a graduate of LGH's 2007 Quest program and a former LGH program coordinator.

Kittoe is an international student from Ghana, West Africa at Central Connecticut State University and a graduate of LGH's Leading Off Campus program.

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MARGARET WILCOX & ASSOCIATES NAMED TO CT REAL TRENDS AMERICA'S BEST REAL ESTATE AGENTS

Margaret Wilcox & Associates of William Raveis Real Estate in Glastonbury was ranked No. 4 in Connecticut for transactions sold in 2015, on the REAL Trends America's Best Real Estate Agents report, produced by REAL Trends and sponsored by Zillow Group.

REAL Trends America's Best Real Estate Agents ranked over 12,000 residential real estate professionals.

• • •

NATIONAL ASSOCIATION OF HOME BUILDERS NAME EXECUTIVE OFFICER OF THE YEAR

Eric Person, CEO of the Home Builders & Remodelers Association of Central Connecticut, was honored as the Executive Officer of the Year by the National Association of Home Builders Executive Officers Council.

The award honors a dedicated executive officer whose actions, commitments and accomplishments in a single year have been exceptional.

Please Note: All electronic submissions for Accolades should be sent to **news@HartfordBusiness.com**. For more information about the Hartford Business Journal's Accolades Page, please visit **www.HartfordBusiness.com**.

UNITED TECHNOLOGIES HOSTS GOLF TOURNAMENT FOR VETERANS

▶ Pratt & Whitney's employee resource group, United Technologies Coalition for Veterans, recently hosted it's first-ever golf tournament to raise funds for Project Healing Waters Fly Fishing (PHWFF). A total of $15,000 was raised during the event. PHWFF is a nonprofit dedicated to the physical and emotional rehabilitation of disabled active military service personnel and disabled veterans through fly fishing and associated activities. Pictured (from left) are: Jim Iannone, PHWFF; Keith Tanner, UTC-4-Vets; Ed Nicholson, PHWFF; Kimberley Hagerty, UTC-4-Vets; Dave Emmerling, Pratt & Whitney; and Dan Ward, UTC-4-Vets.

VOYA FINANCIAL RAISES MONEY FOR HARC

▶ Voya Financial of Windsor presented a donation of $4,420 to HARC from their employees who made donations to participate in Dress Down Fridays. Earlier this year, 12 employees from Voya Financial volunteered at HARC during their National Day of Service to learn more about the programs and services HARC provides to help individuals with intellectual disability and their families lead lives of quality, inclusion and dignity.

REALTOR'S BENEFIT SUPPORTS 'AN END IN TEN' PROGRAM

▶ The Greater Hartford Association of REALTORS recently held a Middletown Stroll for Charity to raise funds for "An End in Ten," a coalition to end homelessness in Middlesex County by 2018. Proceeds from the event will support a network of service providers that work together to streamline and standardize the process for individuals and families that are homeless to get housing. Pictured (from left) are: Mary Beth Bain, Ann Foust and Kaethe Everett.

Mark September 14th on your calendar for the

20th Anniversary of 40 Under Forty

‘BLACK TIE & BLUE JEANS’ EVENT

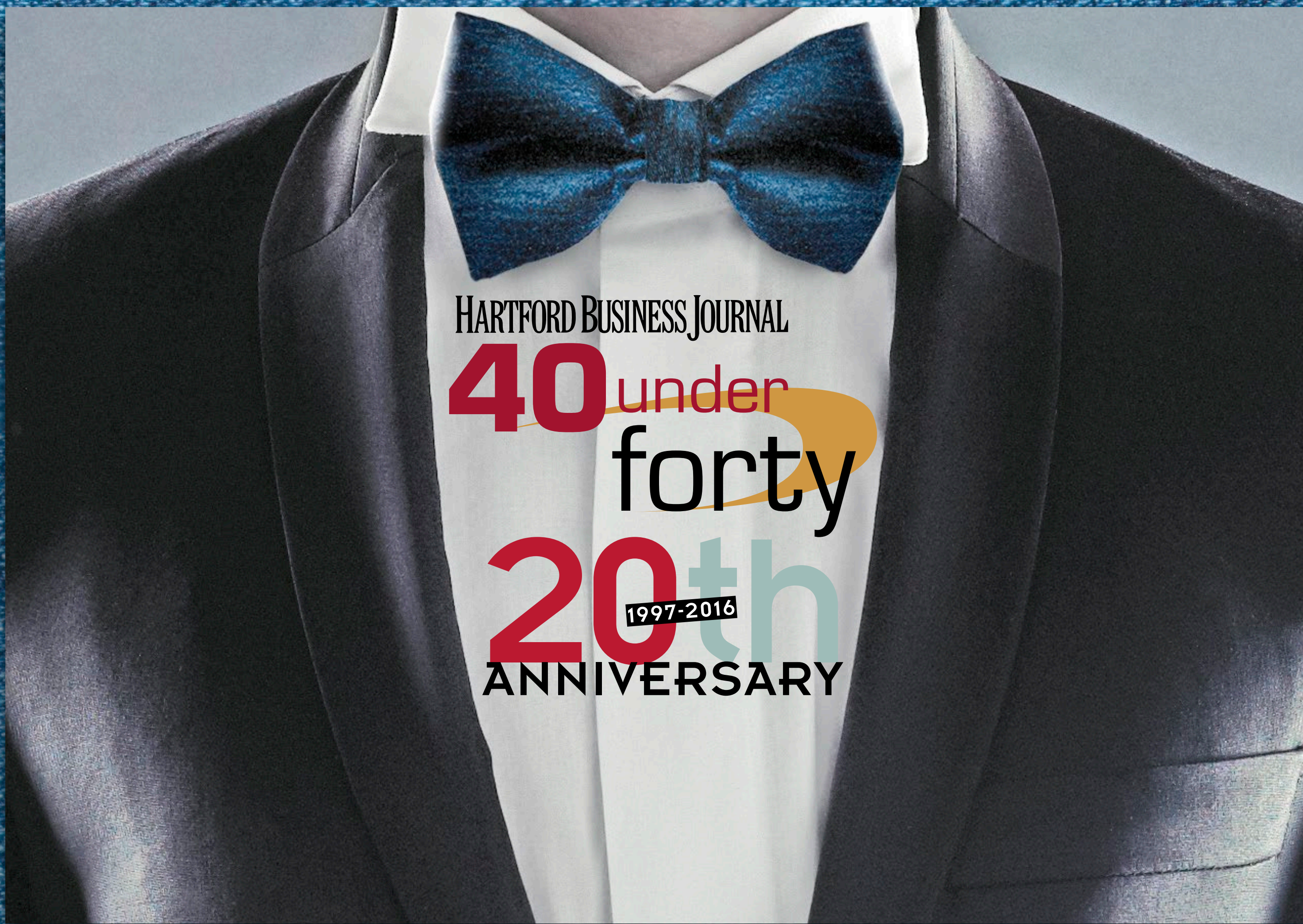
Cool things just stand the test of time.

Attend the event and enter to

Win Two Round-Trip Tickets to Dublin, Ireland

Compliments of *Aer Lingus*

Proceeds to benefit Junior Achievement of Southwest New England



What to wear?
Go to HartfordBusiness.com/40underForty to view our **fashion board** with styles from Costanzo Clothiers

JOIN US as we honor the 2016 class of winners and celebrate the 40 Under Forty legacy!

WEDNESDAY, SEPTEMBER 14TH, 2016

5pm-9pm; CT CONVENTION CENTER | HARTFORD

Individual and Table Pricing Available For tickets, contact Keleigh Hickey at **khickey@HartfordBusiness.com** or 860-236-9998 ext. 137 or go to **HartfordBusiness.com and click on “our Events”**

A Special Call-Out to All Former 40 Under Forty Winners!

Come out for an energized evening of excitement and networking. Show your support for the future of our region while you connect with past classmates and engage with the present class of 40 Under Forty winners. Contact Kaleigh Hickey, Events Coordinator at 860-236-9998 x137 or email khickey@HartfordBusiness.com for details on your special alumni ticket pricing.

Whether you are a former winner or not, this is one memorable ‘reunion’ you won’t want to miss! Hurry, seating is limited!

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